

## THE WEEK IN REVIEW

A volatile, holiday-shortened week temporarily stemmed the downdraft in stocks, but not without plenty of turbulence. After declining by a cumulative 11.7% in the first three weeks of December, the S&P 500 Index advanced 2.9% this week led by the consumer discretionary and technology sectors. The blue chip Dow Industrials Average advanced 2.8% for the week led by Home Depot Inc., Walmart Inc., and Visa Inc. Monday brought investors one of the worst Christmas Eve performances from the three major U.S. stock averages in modern market history. However, this was followed by one of the best single day performances since 2009 for the S&P 500 Index and Dow Jones Industrial Average on December 26. In commodity markets, U.S. crude oil prices staged a powerful rally on Wednesday after dipping below \$43 per barrel late Monday, ending the week around \$45 per barrel.

In Washington, President Trump continued his criticism of the Federal Reserve's recent rate hikes, although officials affirmed that Fed Chairman Powell's job is safe. On Wednesday, news broke that a U.S. delegation will travel to Beijing in early January for trade negotiations with Chinese government officials.

The confidence of American consumers appeared to fade somewhat in the first half of December on a less enthusiastic jobs outlook. The Conference Board Consumer Confidence Index registered at 128.1, which was below consensus expectations of 133.5 and down from an upwardly revised 136.4. The 128.1 reading in December indicates the lowest levels of consumer optimism since July. Moving forward, the median economist in a Bloomberg survey expects consumer sentiment to worsen further in the short-term, as previous federal government shutdowns typically cause a temporary drop to consumer confidence. The most recent government shutdown in October of 2013 coincided with an 8.0 point drop in the month, which eventually vanished a couple of months later.

Reviewing recent housing market data, pending home sales for November fell 0.7% in November, below consensus expectations for a 1.0% gain. Contract signings fell 7.7% from the same period a year ago. In terms of geography, the South and Midwest experienced a low single-digit contraction while the Northeast and West experienced low single-digit gains in November. The National Association of Realtors estimates up to 40,000 home closings might be delayed due to a halt in the issuance of new flood insurance during the partial government shutdown.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Conf. Board Consumer Confidence	128.1	135.3	▼
US Pending Home Sales (MoM)	-0.7%	-1.9%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	23062.40	2.75%	-6.70%	-7.15%
NASDAQ	6584.52	3.97%	-4.62%	-5.26%
S&P 500 Large Cap	2485.74	2.86%	-7.03%	-7.51%
MSCI EAFE	1687.56	-1.08%	-17.71%	-17.41%
Barclays Aggregate US	2040.71	0.17%	-0.28%	-0.14%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.37%	2.38%	2.38%	1.38%
10-Year Treasury	2.72%	2.79%	3.06%	2.43%

REPORTS DUE NEXT WEEK	LATEST
ISM Manufacturing	59.3
Initial Jobless Claims (Thousands)	216
New Home Sales (Thousands Annualized)	544
Non-Farm Payrolls	155,000
Unemployment Rate	3.7%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.